

**PART 536—TRANSFER AND TRADING OF FUEL ECONOMY CREDITS**

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**AUTHORITY:** Sec. 104, Pub. L. 110-140 (49 U.S.C. 32903); delegation of authority at 49 CFR 1.50.

**SOURCE:** 74 FR 14452, Mar. 30, 2009, unless otherwise noted.

**§ 536.1 Scope.**

This part establishes regulations governing the use and application of CAFE credits up to three model years before and five model years after the model year in which the credit was earned. It also specifies requirements for manufacturers wishing to transfer fuel economy credits between their fleets and for manufacturers and other persons wishing to trade fuel economy credits to achieve compliance with prescribed fuel economy standards.

**§ 536.2 Application.**

This part applies to all credits earned (and transferable and tradable) for exceeding applicable average fuel economy standards in a given model year for domestically manufactured passenger cars, imported passenger cars, and light trucks.

**§ 536.3 Definitions.**

(a) Statutory terms. All terms defined in 49 U.S.C. § 32901(a) are used pursuant to their statutory meaning.

(b) Other terms.

*Above standard fuel economy* means, with respect to a compliance category, that the automobiles manufactured by a manufacturer in that compliance category in a particular model year have greater average fuel economy (cal-

culated in a manner that reflects the incentives for alternative fuel automobiles per 49 U.S.C. 32905) than that manufacturer's fuel economy standard for that compliance category and model year.

*Adjustment factor* means a factor used to adjust the value of a traded or transferred credit for compliance purposes to ensure that the compliance value of the credit when used reflects the total volume of oil saved when the credit was earned.

*Below standard fuel economy* means, with respect to a compliance category, that the automobiles manufactured by a manufacturer in that compliance category in a particular model year have lower average fuel economy (calculated in a manner that reflects the incentives for alternative fuel automobiles per 49 U.S.C. 32905) than that manufacturer's fuel economy standard for that compliance category and model year.

*Compliance* means a manufacturer achieves compliance in a particular compliance category when

(1) The average fuel economy of the vehicles in that category exceed or meet the fuel economy standard for that category, or

(2) The average fuel economy of the vehicles in that category do not meet the fuel economy standard for that category, but the manufacturer proffers a sufficient number of valid credits, adjusted for total oil savings, to cover the gap between the average fuel economy of the vehicles in that category and the required average fuel economy. A manufacturer achieves compliance for its fleet if the above conditions (1) or (2) are simultaneously met for all compliance categories.

*Compliance category* means any of three categories of automobiles subject to Federal fuel economy regulations. The three compliance categories recognized by 49 U.S.C. 32903(g)(6) are domestically manufactured passenger automobiles, imported passenger automobiles, and non-passenger automobiles ("light trucks").

*Credit holder (or holder)* means a legal person that has valid possession of credits, either because they are a manufacturer who has earned credits by exceeding an applicable fuel economy